

The 'Wal-Mart Killers'

Opposition to new stores is often stoked by competing supermarkets

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Who's standing in the way of the new Wal-Mart in town?

As **Wal-Mart Stores** has grown into the largest grocery seller in the U.S., it has faced opposition in hundreds of locations, from California to Illinois to Pennsylvania. Local activists and union groups have been the public face of much of the resistance, protesting at public meetings and filing lawsuits to block new stores.

But in many cases, the opposition was actually being organized by a company called **Saint Consulting Group** that specializes in fighting proposed Wal-Mart stores. And the money to fund the opposition came from Wal-Mart's top competitors: large supermarket chains including **Supervalu**, **Safeway** and the Dutch company **Ahold**. That's according to hundreds of pages of Saint documents reviewed by The Wall Street Journal and interviews with former employees.

STILL GROWING

Supermarkets that have funded campaigns to stop Wal-Mart are concerned about having to match its low prices or risk losing market share. In many cases, the battles have more than doubled the amount of time it takes Wal-Mart to open a store, says a person close to the company. And the fights generate negative publicity for Wal-Mart.

Saint has jokingly called its staff the "Wal-Mart killers." P. Michael Saint, the company's founder, declines to discuss specific clients or campaigns. When read a partial list of the company's supermarket clients, he responds that "if those names are true, I would say I was proud that some of the largest, most sophisticated companies were so pleased with our success and discretion that they hired us."

Wal-Mart has more than 2,700 U.S. supercenters—large stores that sell groceries and general merchandise. Last year, 51% of Wal-Mart's \$258 billion in U.S. revenue came from grocery sales.

Saint Consulting specializes in using political-campaign tactics—petition drives, phone banks, websites—to build support for or against controversial projects, such as landfills and refineries. Over the years, it has conducted about 1,500 campaigns in 44 states.

For the typical anti-Wal-Mart assignment, a Saint manager will drop into town using an assumed name to create or take control of local opposition, former Saint employees say. They flood local politicians with calls, using multiple phones to make it appear that the calls are coming from different people, the former employees say. They hire lawyers and traffic experts to help derail the project or stall it as long as possible, in hopes that the developer will pull the plug or Wal-Mart will find another location.

Safeway hired Saint to block Wal-Mart Supercenters in more than 30 towns in California, Oregon, Washington and Hawaii in recent years, according to a Saint project list and interviews with former employees. Safeway declined to comment.

In Pennsylvania, Saint's work roster in August 2007 listed 53 projects, almost all directed at stopping Wal-Mart on behalf of client **Giant Food Stores**, which is owned by Ahold. Neither Giant nor Ahold, returned calls seeking comment.

In Mundelein, Ill., a Chicago suburb, it was Supervalu that hired Saint

to work behind the scenes, according to Saint documents. Supervalu owned nine supermarkets near a proposed shopping center that was to house a Wal-Mart supercenter.

A project manager assigned by Saint hired a lawyer to represent neighbors who opposed the development. The neighbors' lawsuit tied up the development for more than two years before a judge upheld the city's decision to approve it. Saint paid the neighbors' legal bills, the lawyer confirms.

GOAL IS TO KILL

Robert Brownson, the developer of the new shopping center, says he and his partners have spent more than \$3 million on legal fees and other expenses, and have lost the other planned tenants. Mundelein's city administrator says the village and its school district have lost about \$6 million a year in sales and property-tax revenue.

Supervalu didn't return calls for comment. Mr. Saint declined to discuss the situation in Mundelein.

Mr. Saint says there is nothing illegal about a company trying to derail a competitor's project. Companies have legal protection under the First Amendment for using a government or legal process to thwart competition, even if they do so secretly, he says.

Former Saint employees say that the goal of many legal or political challenges was merely to delay projects, which legal experts say isn't protected under the law. "That may be the result," responds Mr. Saint. "But our goal is always to kill Wal-Mart."

Robert Brownson, developer of a proposed shopping center with a Wal-Mart in Mundelein, Ill., says he and his partners lost the other planned tenants while they fought in court



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